

## CITY OF ALAMEDA

### Memorandum

To: Honorable Mayor and  
Members of the City Council

From: John A. Russo  
City Manager

Date: January 3, 2012

Re: Adopt an Urgency Ordinance Authorizing an Amendment to the Contract  
Between the Board of Administration of the California Public Employees'  
Retirement System and the City Council of the City of Alameda for Cost  
Sharing of Pension Contributions by Sworn Police and Fire Employees

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### BACKGROUND

At the City Council meeting on December 6, 2011, the City Council adopted Resolution 14636, a Resolution of Intention to approve an amendment to the contract between the Board of Administration of the California Public Employees' Retirement System and the City Council of the City of Alameda to include provisions pursuant to Government Code 20516 "Cost Sharing" for local police members and for local fire members.

The retirement plan section under each of the Memorandums of Understanding (MOU) between the City and the four public safety bargaining units which comprise the local police members and the local fire members, establishes that the City shall contract with CalPERS for Variable Rate Cost Sharing. This variable rate cost sharing can range from 0% up to the permanently established maximum cost share of 5.057% under Government Code Section 20516(a), based on the City's contract with CalPERS for optional benefits for local fire and local police employees. The permanent cost share maximum is the increased cost for amendments to the contract with CalPERS that provide optional benefits to the employees. CalPERS, through an actuarial valuation, has determined the cost to the City of providing the 3% @ 50 and One-Year Final Compensation optional benefits to be 5.057%. The amount of the cost sharing for these bargaining units has been established at 2% for the duration of the MOUs, thus increasing the current 9% employee contribution to 11%. This 11% contribution shall be in accordance with Section 414(h)(2) of the Internal Revenue Code whereby employee contributions shall be tax deferred and not subject to taxation until the time of constructive receipt.

### DISCUSSION

The CalPERS contract amendment was a key provision of the negotiated agreements between the City and the four public safety bargaining units. Since the MOUs for these bargaining units establish that the "cost sharing" provision is only in place through June

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29, 2013, prompt action is necessary in order for the City to achieve optimum financial advantage.

CalPERS requires that clearly defined procedures be followed for contract amendments. The following steps have been, or are currently being taken, in order to complete the contract amendment process:

- The City Council adopted a Resolution of Intention (Resolution 14636) on December 6, 2011.
- A secret ballot election, pursuant to Government Code Section 20474 which requires that employees affected by a contract amendment which will change the employees' rate of contribution, was conducted between December 9, and December 21, 2011. The employees approved the contract amendment with the results of the election as follows:

Police Group:

Number of Eligible Employees:	83
Number of Ballots Cast:	58
Voter Participation:	70%

Number of Yes Votes:	56 (97% of total votes cast)
Number of No Votes:	02 (3% of total votes cast)

Fire Group:

Number of Eligible Employees:	94
Number of Ballots Cast:	71
Voter Participation:	76%

Number of Yes Votes:	69 (97% of total votes cast)
Number of No Votes:	02 (3% of total votes cast)

- The Ordinance, which is an Urgency Ordinance, and a City Council vote on the adoption of this Ordinance, must occur at least 20 days after the adoption of the Resolution of Intention. This Urgency Ordinance is being presented to the City Council tonight for adoption.

If the Urgency Ordinance is passed, the effective date of the CalPERS contract amendment will be the first day of a payroll period and will not be any earlier than the day following adoption of the Ordinance. The effective date for this Urgency Ordinance is January 3, 2012.

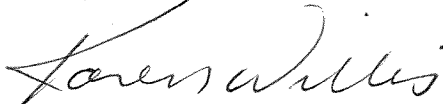
FINANCIAL IMPACT

There is an estimated cost savings to the General Fund over the remaining life of the four safety contracts of \$285,900 for Alameda Police Officers Association, \$43,500 for Alameda Police Managers Association, \$282,500 for International Association of Firefighters, and \$26,300 for Alameda Fire Managers Association, totaling \$638,200.

RECOMMENDATION

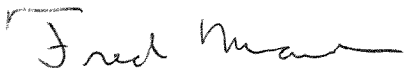
Adopt an Urgency Ordinance Authorizing Amendment to the Contract Between the Board of Administration of the California Public Employees' Retirement System and the City Council of the City of Alameda for Cost Sharing of Pension Contributions by Sworn Police and Fire Employees.

Respectfully submitted,



Karen Willis  
Human Resources Director

Approved as to funds and account,



Fred Marsh  
Controller

CITY OF ALAMEDA ORDINANCE NO. \_\_\_\_\_

AN URGENCY ORDINANCE OF THE CITY COUNCIL OF THE  
CITY OF ALAMEDA, CALIFORNIA, AUTHORIZING AN  
AMENDMENT TO THE CONTRACT BETWEEN THE BOARD OF  
ADMINISTRATION OF THE CALIFORNIA PUBLIC EMPLOYEES'  
RETIREMENT SYSTEM AND THE CITY OF ALAMEDA  
(REQUIRES FOUR AFFIRMATIVE VOTES)

WHEREAS, due to ongoing economic difficulties, the City negotiated and approved revised agreements with its sworn safety employees whereby all sworn safety employee groups will contribute additional sums toward the employer portion of their retirement contribution; and

WHEREAS, to effectuate this cost-sharing agreement under the State of California Public Employee Retirement Law Section 20516, an amendment to the contract between the City of Alameda and the California Public Employees' Retirement System must be approved; and

WHEREAS, in accordance with the Charter Article III. Sec. 12, the adoption of this Ordinance is necessary for the immediate protection of the public peace, health and safety in that it is necessary for the immediate preservation of public funds.

NOW, THEREFORE, the City Council of the City of Alameda does hereby ordain as follows:

Section 1. The Recitals set forth above are true and correct and incorporated herein.

Section 2. That an amendment to the contract between the City Council of the City of Alameda and the Board of Administration, California Public Employees' Retirement System is hereby authorized, a copy of said amendment being attached hereto, marked Exhibit A, and by such reference made a part hereof as though herein set out in full.

Section 3. The Mayor of the City of Alameda is hereby authorized, empowered, and directed to execute said amendment for and on behalf of said Agency.

Section 4. Effective Date. The City Council hereby declares, on the basis of the findings set forth above, that an emergency exists and that this Ordinance is necessary to preserve the public peace, health and safety. Accordingly, this Ordinance is adopted as an urgency ordinance and shall take effect and be in force immediately upon its introduction and adoption on January 3, 2011.

Section 5. If any provision of this Ordinance or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of this Ordinance which can be given effect without the invalid provision or application, and to this end the provisions of this Ordinance are severable. The City Council hereby declares that it would have adopted this Ordinance irrespective of the invalidity of any particular portion thereof.

Section 6. The City Clerk will certify to the passage of this Ordinance by the City Council of the City of Alameda and a digest thereof shall be published once in the Official Newspaper of the City within three days after its adoption.

\_\_\_\_\_  
Presiding Officer of the City Council

ATTEST:

\_\_\_\_\_  
Lara Weisiger, City Clerk  
City of Alameda

\* \* \* \* \*

I, the undersigned, hereby certify that the foregoing Ordinance was duly and regularly adopted and passed by the Council of the City of Alameda in a regular meeting assembled on the 3<sup>rd</sup> day of January, 2012, by the following vote to wit:

AYES:

NOES:

ABSENT:

ABSTENTIONS:

IN WITNESS, WHEREOF, I have set my hand and affixed the official seal of said City this \_\_\_\_ day of January, 2012.

\_\_\_\_\_  
Lara Weisiger, City Clerk  
City of Alameda